

Message Text

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PAGE 01 PEKING 01339 060433Z
ACTION EB-07

INFO OCT-01 ARA-10 EA-07 ISO-00 AID-05 CIAE-00 COME-00
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02
OPIC-03 SP-02 LAB-04 EPG-02 SIL-01 OMB-01 AGR-01
L-03 FEA-01 OES-07 PA-01 PRS-01 /075 W
-----064525 060437Z /20

R 060245Z JUL 77
FM USLO PEKING
TO SECSTATE WASHDC 8116
INFO AMEMBASSY BUENOS AIRES
AMCONSUL HONG KONG

C O N F I D E N T I A L PEKING 1339

E.O. 11652: GDS
TAGS: ETRD, CH, AR

SUBJ: SINO-ARGENTINE TRADE

1. SUMMARY: ACCORDING TO ARGENTINE ECONOMIC
COUNSELOR, ARGENTINA'S EXPORTS TO THE PRC SHOULD
READ, \$100 MILLION THIS YEAR, WITH WHEAT ALONE
VALUED AT OVER \$80 MILLION. ARGENTINA WOULD
CONSIDER NEGOTIATING A LONG-TERM CORN AND WHEAT
EXPORT AGREEMENT IF THE PRC CONCLUDES LONG-TERM
AGREEMENTS WITH CANADA AND AUSTRALIA. THE
RECENT SIGNED PRC-ARGENTINA SHIPPING AGREEMENT
PROVIDES FOR A 50-50 SPLIT OF CARGO VOLUME.
END SUMMARY.

2. ARGENTINE ECONOMIC COUNSELOR AUDISIO (HROZWT)
TOLD USCRO JULY 5 THAT ARGENTINE EXPORTS TO THE PRC
SHOULD REACH \$100 MILLION IN 1977. WHEAT
ACCOUNTS FOR OVER \$80 MILLION OF THIS;
ADDITIONAL EXPORTS INCLUDE SOYBEAN OIL AND
3,000 TONS OF COTTON.
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PAGE 02 PEKING 01339 060433Z

3. REGARDING FUTURE WHEAT SALES, AUDISIO
STATED THAT ARGENTINA WOULD LIKE TO ESTABLISH
A LONG-TERM POSITION IN THE PRC FOODGRAIN MARKET. HE
NOTED U.S. ESTIMATES WHICH PUT ARGENTINA'S
1977-1978 CROP AT SEVEN MILLION TONS, BUT

STATED HE THOUGHT PRODUCTION WOULD EXCEED THIS AND THUS PROVIDE AN EXPORTABLE SURPLUS OF ABOUT FOUR MILLION TONS.

4. AUDISIO NOTED THAT ARGENTINA'S PREVIOUS PRODUCTION SHORTFALLS HAD PREVENTED ACTUAL IMPLEMENTATION OR SIGNING OF A 1974-76 LONG-TERM AGREEMENT (LTA) WITH THE PRC. HE SAID ARGENTINA WOULD CONSIDER MAKING ANOTHER ATTEMPT AT AN LTA IF THE PRC CONCLUDES LTA'S WITH AUSTRALIA AND CANADA. HE STATED THE PREVIOUS LTA PROVIDED FOR FIFTY PERCENT CORN AND FIFTY PERCENT WHEAT EXPORTS. CORN WAS THE MAIN EXPORT ENVISAGED DURING THE FIRST YEAR OR TWO OF THE 1974-76 AGREEMENT, AND HE HINTED THAT CORN MIGHT PREDOMINATE IN A NEW LTA.

5. FINALLY, ASKED ABOUT THE RECENTLY SIGNED ARGENTINE-PRC SHIPPING AGREEMENT (NCNA JUNE 27), AUDISIO SAID THE AGREEMENT PROVIDES FOR A 50-50 SPLIT OF CARGOES (VOLUME RATHER THAN VALUE) IN THE TWO WAY TRADE. HE SUGGESTED THAT HIS WOULD RESULT IN MORE CARGOES BEING CARRIED ON CONFIDENTIAL

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PAGE 03 PEKING 01339 060433Z

ARGENTINE SHIPS.

6. CHINESE EXPORTS TO ARGENTINA ARE UNLIKELY TO BE MORE THAN \$7 1.0 MILLION IN 1977.
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Message Attributes

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